



Proposed Budget Fiscal Year 2021

Draft - Public Review Version
8/10/20



RTA

**REGIONAL
TRANSIT AUTHORITY
OF SOUTHEAST MICHIGAN**

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**REGIONAL
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OF SOUTHEAST MICHIGAN

FISCAL YEAR 2021 BUDGET NARRATIVE

The recommended Fiscal Year (FY) 2021 Regional Transit Authority of Southeast Michigan (RTA) budget is \$4,577,359, which is a combination of a \$1,381,172 Administrative Budget, and a \$3,314,881 Project Budget.

The 2021 budget has been prepared in accordance with the Michigan Uniform Budgeting and Accounting Act of 1968, Generally Accepted Accounting Principles (GAAP), and has been initially reviewed by RTA's Finance and Budget Committee. If approved by the RTA Board of Directors, this budget will go into effect on October 1, 2020.

FY 2021 Administrative Budget

The RTA developed an administrative budget that considers revenues and expenses that are part of the ongoing operations of the agency. Broadly, these operations include the following major activities:

- Administration and facilitation of the RTA Board meetings
- Coordination with the region's transit providers and other mobility partners
- Development of programming recommendations for federal and state formula funds
- Development of a regional transit master plan
- Management of ongoing planning and pilot initiatives
- Development of additional initiatives that advance regional transit goals

Administrative Revenue

Estimated Administrative Revenue: The RTA's estimated administrative fund balance heading into FY 2020 includes funding from the following sources:

- \$461,199 in remaining funds from MDOT appropriation secured in previous fiscal years
- \$399,999 in new MDOT appropriation
- \$500,631 in FTA CARES Act funding
- \$19,343 in administrative funding from ongoing projects

Administrative Expenses

Staff Compensation: The RTA currently has 2 FTEs. FY2021 expenditures are based on growing the RTA staff to 4.5 FTEs with a projected total compensation of \$487,743. This line item supports 4.5 full time equivalents (FTEs) based on the following positions:

- General Manager (assumed start in January 2021)
- Community Partnerships Manager (assumed start in January 2021)

- Executive Administrator
- Administrative Assistant
- Intern (assumed start in May 2021)

RTA Administrative Contracts: Generally, the RTA Administrative Contracts remain largely unchanged from previous years and will be used to support the day to day delivery of RTA’s service. Many of the budget line items included in the draft budget are existing contracted services being provided to support required activities to deliver the RTA work program and comply with Federal and State requirements. These services include legal, audit, communications, legislative (funded through a project grant), and external communications services that support staff and the Board of Directors requests throughout the fiscal year. The RTA’s total Administrative Contracts budget is estimated to be \$696,585

Potential updates to administrative contracts are described below:

- 1.) *RTA Program Planning Services Support:* This budget line is intended to fund the ongoing contract for Program Management services through January 2021 (estimated to be \$100,000) and to have funding for ongoing planning support through the remainder of FY 2021 (estimated to be \$150,000)
- 2.) *Regional Transit Master Plan:* This budget line is intended to fund the ongoing contract for Regional Transit Planning services through January 2021 (estimated to be \$75,000) and to have funding for ongoing regional transit planning support through the remainder of FY 2021 (estimated to be \$75,000).
- 3.) *Public Engagement Initiatives:* This budget line item is intended to support the development and execution of a public engagement strategy to better understand the overall mobility needs of our region including, employers, educators, medical care providers, existing transit riders, new choice riders, and visitors. This may include the creation and promotion of new materials including videos, vignettes, printed material and other social media materials that will support the Regional Master Transit Plan update.
- 4.) *Survey:* This budget line is intended to support survey activities that will help the RTA test and develop messaging and communications strategies around the region’s mobility needs and how to best advance potential solutions. This will also be coordinated with the Regional Master Transit Plan and the associated public engagement initiatives.

RTA Administrative Expenses: Expenses include items like computer hardware/software, Board reimbursements, and marketing/printed materials. The RTA’s total Administrative Expenses budget in \$78,150.

FY 2021 Project Budget

The RTA has several ongoing and new projects and pilots that it will continue to advance do FY 2021.

Project Revenue

The RTA’s project revenue includes funding from the following grants. Unless otherwise indicated, the RTA is anticipating fully expending the grant balances in FY2021.

- \$35,000 in remaining funds from the FTA 5339 Alternatives Analysis Planning grant and associated state match secured in Fiscal Year 2013.

- \$474,821 in remaining funds from the FTA 5303 Metropolitan Transportation Planning Program
- \$471,870 in remaining funding from the Michigan Mobility Challenge Pilot Project
- \$47,000 in remaining in-kind match to support the Michigan Mobility Challenge Pilot Project
- \$36,000 in remaining philanthropic grants (supports Legislative Services)
- \$341,980 in FTA 5310 Enhanced Mobility for Seniors and Individuals with Disabilities and associated match (part of a \$549,998 in funding to support Regional Mobility Management)
- \$312,000 in remaining FY2018 FTA Section 5307 Congestion Mitigation and Air Quality Program
- \$66,148 in remaining MDOT Service Development and New Technology Grants
- \$2,750,000 in funding to support D2A2:
 - \$2,000,000 in FY2021 FTA Section 5307 Congestion Mitigation and Air Quality Program (CMAQ) funds (part of a \$5,373,593 million in CMAQ fund programming from FY2021 – FY2023; note that the RTA only shows the FY 2021 amount as secured revenue)
 - \$500,000 in MDOT Strategic Initiatives (part of a \$1,600,000 in MDOT Strategic Initiatives funds to support D2A2)
 - \$250,000 in Fares (assumption based on service operations from the full fiscal year)

Project Expenses

RTA Master Plan Development (\$35,000): This budget line is intended to fund the ongoing contract for Regional Transit Planning services until the grant is exhausted and then it will be transferred to the Administrative Budget

Coordinated Human Service Transportation Plan Pilot (\$468,373): This budget line is intended to fund the development and implementation of a new pilot project associated with the completion of the Coordinated Human Service Transportation Plan. A portion of the funding will be used to support administrative services associated with managing the pilot project. Depending on the type of project that is advanced, the RTA may also elect to secure outside support for the technical management of the pilot.

On-Demand Booking App (\$114,901): This budget line is intended to fund the continuation of the On-Demand Mobile Booking App Pilot. A portion of the funding will be used to support administrative services associated with managing the pilot project.

Legislative Services (\$36,000): This budget line is intended to fund the continuation of the Legislative Services contract (this is an administrative contract funded through a project grant).

D2A2 Pilot (\$2,284,522): This budget line is intended to fund the advancement and implementation of the D2A2 Express Bus Pilot.

Regional Mobility Management (\$341,980): This budget line is intended to fund the continuation of the Regional Mobility Management Program. That program currently provides funding for the regional MyRide2 One Click/One Call service provided by the Area Agency on Aging 1-B.

Additional Initiatives

The RTA is also considering taking on the following new initiatives in 2021. RTA staff will be actively looking for ways to advance these under the existing administrative or project budgets. However, some

programs may require additional funding as they get more developed through FY 2021. RTA staff will pursue other funding opportunities for these programs when and if they are available.

- **COVID-19 Response Framework:** COVID-19 has taken an unprecedented toll on our transit providers and customers. As the providers continue to manage through this global crisis that RTA would like to work with them to document actions taken in response and how the process has evolved from emergency response, to a “new normal”, to looking forward to a potentially very different future.
- **Transit Equity Framework:** The RTA is committed to advancing an equity planning framework that clearly identifies the accessibility challenges for low income, senior, disabled, and other marginalized populations that rely on the region’s transit and paratransit services. To do this effectively, we need to examine our regional transit vision and values so that we can appropriately frame regional transit challenges and potential solutions around equity.
- **Workforce Development Framework:** Southeast Michigan transit providers are experiencing shortages in certified operators (drivers) and qualified diesel engine mechanics. These staffing shortages have led to difficulties in meeting pullout. If the staffing shortages continue, or worsen, the RTA’s plans for significant improvement in transit services will be neutralized. The RTA will work with the providers to see how this issue can be addressed at the regional level.
- **Pilot Project Management Framework:** The RTA has played, and will continue to play, a large role in developing and managing pilot projects for the region. RTA staff feels it would be appropriate to develop a standard framework for how the RTA approaches pilots. Broadly, this framework would include what transit challenges are we addressing, how we are selecting partners/vendors to advance a pilot, how we ensure equity in selecting pilots, and how we measure the success of pilots.

Budget Risks

At its core, a budget represents anticipated projections based on the best-known data available at the time of development. At the time of the FY2021 RTA budget development there are several unknowns that will largely start impacting the RTA in FY2022. These impacts can be mitigated through sound budget management and persistent funding advocacy in FY2021. In particular, the following areas of the FY2021 budget will be tracked closely:

- **FY2021 State of Michigan Budget –** The RTA is currently working MDOT to secure an additional appropriation in the FY2021 State of Michigan Budget to support RTA activities in FY2022. COVID-19 has had a large impact on state and municipal funding so any assumption of funding through traditional means is inherently risky.
- **5310 Program Management –** The RTA is currently completing the region’s first regional scale 5310 Program Management Plan (PMP). The current draft of the PMP envisions the RTA taking on a larger role in managing project selection and ongoing program oversight. It may be necessary for the RTA to program a portion of the 5310 funding for administration starting with FY2021 funding. The timing of that decision will be in spring 2021.
- **RTA Staffing –** The RTA has opportunity to be flexible with staffing decisions over the course of FY2021 to help preserve funding for FY2022. Staff assessed the cost of hiring a full-time General

Manager versus retaining the current Program Manager construct for FY 2021. The full-time General Manager with Program Planning Services starting in January 2021 is estimated to be \$360,000. The continuation of the Program Manager role starting in January 2021 is estimated to be \$300,000.

- Public Engagement Initiatives and Survey Services – The RTA has previously been successful in securing outside funding to support these services. Staff will continue to work with philanthropic funders and others to see if outside funding can be used to support these activities in FY2021 and beyond.
- Grant Balances – The RTA has identified grant balances that remain after projects were completed. RTA staff will determine if those funds can be programmed into additional projects and initiatives the advance the mission of the RTA.

REGIONAL TRANSIT AUTHORITY OF SOUTHEAST MICHIGAN: PROPOSED BUDGET
FOR THE FISCAL YEAR 2021 BEGINNING OCTOBER 1, 2020



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Administrative Budget

Proposed

<u>Administrative Revenues</u>	FY2021
Beginning Administrative Balance	461,199
MDOT Appropriation (Administration)	399,999
FTA 5307 CARES Act (Administration)	500,631
Administrative Revenues from Projects	19,343
Total Revenue	1,381,172
<u>Administrative Expenditures</u>	
Salary	325,162
Fringe Benefits	162,581
	487,743
Directors and Officers Liability Insurance	13,585
Legal Services	75,000
Audit Services	17,000
External Communications & Social Media and Web Services	81,000
Program Planning Support Services	250,000
Master Planning Services	150,000
Public Education Initiatives	50,000
Survey Services	50,000
Other Contract	10,000
	696,585
Marketing/Printed Materials	25,000
Rent	-
Other Insurance	650
Computer Hardware/Software	10,000
Phone Equipment and Service Fees	12,000
Office Supplies	2,500
Utilities	-
Furniture	-
Meetings/Retreats	10,000
Travel/Professional Development	5,000
Subscriptions/Memberships	5,000
Board Reimbursements	3,000
Miscellaneous	5,000
	78,150
Total Expenses	1,262,478
Remaining	118,694

Project Budget

Proposed

FY2021

Project Revenues

FTA Section 5339 Alternatives Analysis Planning Program (Regional Transit Planning)	35,000
MDOT Federal 5303 Metropolitan Transportation Planning Program (CHSTP)	474,821
MDOT Michigan Mobility Challenge	471,870
In-Kind Revenue (Provider and RTA staff time for On-Demand Booking)	47,000
Philanthropic Grants	36,000
*FTA Section 5310 Enhanced Mobility for Seniors and Individuals with Disabilities (AAA1B)	341,980
*FTA Section 5307 Congestion Mitigation and Air Quality Program (Reflex/Eight Mile)	312,000
*MDOT Service Development and New Technology	66,148
*FTA Section 5307 Congestion Mitigation and Air Quality Program (D2A2)	2,000,000
*MDOT Service Initiatives (D2A2)	500,000
*Fares (D2A2)	250,000
* Denotes a pass-through grant	

Total Revenue 4,534,819

Project Expenditures

RTA Master Plan Development	35,000
Coordinated Human Services Transportation Plan Pilot	468,373
On-Demand Booking App Pilot	102,006
In-Kind Revenue (Provider and RTA staff time for On-Demand Booking App Pilot)	47,000
Legislative Services	36,000
*D2A2 Pilot	2,284,522
*Regional Mobility Management	341,980

Total Expenses 3,314,881

Remaining 1,219,938

TOTAL REVENUES 5,915,990

TOTAL EXPENSES 4,577,359

REMAINING 1,338,632